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TELEGRAM

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INR-09 INFO OCT-Ø1 EUR-20 CIAE-00 DODE-00 PM-08: H-02 L-03 USIA-12 T-03 NSAE-00 NSC=18 P-03 RSC-01 PRS-01 AID=27 EB-11 COME-00 IGA-02 TRSE-00 OMB - 01 AGR-20

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SECTION: 1 OF 2 EAGOS: 951971

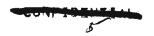
SUBJ: NIGERTA

FROM NEWSOM

1. FIVE DAY VISIT NIGERIA, INCLUDING THREE STATES IN EAST. REINFORCES: IMPRESSION::OF: FIERCELY INDEPENDENT; SENSITIVE BLACK-NATION THAT WILL CONTINUE ATTRACT, FRUSTRATE, AND MAKE USE OF THOSE FROM BOTH EAST AND WEST KNOCKING AT ITS: DOOR. US REMAINS POPULAR BUT SUFFERS AT HIGHEST LEVELS FMG FROM OUR CIVIL WAR POLICY, OUR STANDS ON SOUTHERN AFRICA AND NIGERIAN FEELING WE ARE UNWILLING RESPOND THEIR PRIORITIES! ON AID.

2. SOMEWHAT UNEXPECTEDLY NEARLY ALL CONVERSATIONS I HAVE HAD WITH NAME OF AL' NIGERIANS IN LAGOS AND PARTICULARLY IN THREE EASTERN STATES HAVE CONCERNED US FCONOMIC ASSISTANCES WHILE NO ACTION WESTAKE NOR ANY OTHER NXTION TAKES IN ASSIST TANCE, FIELD LIKELY YIELD ANY PRONOUNCED POLITICAL OR POLITY BENEFITS> THERE SEEMS LITTLE DOUBT OUR ASSISTANCE ROLE WILL: CONTINUE BE: SIGNIFICANT: FACTOR! IN NIGERIAN. ATTITUDE TOWARD US.

3. PROBLEM IS DIFFICULT ONE FOR US. IN COMPARISON RESOURCES MANY OTHER AFRICAN COUNTRIES, NIGERIA IS RICH: YET IT IS



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OBVIOUS TO TRAVELER ITS NEEDS ARE GREAT AND NEW OIL REVENUES WILL NOT FOR LONG TIME MATCH NEEDS. COTERIE OF FEDERAL GOVERNMENT COMMISSIONERS WANT "MASSIVE" CAPITAL PROJECT ASSISTANCE FROM US. THEY HAVE LITTLE TIME, PATIENCE OR STAFF! FOR MODEST PROPOSALS AND HAVE TOTALLY UNREALISTIC IDEA US CAPACITY TO PROVIDE. THEY SO FAR HAVE TURNED LARGELY DEAF EAR TO US SECTOR LOANS AND HUMAN RESOURCE DEVELOPMENT PROPOSALS ALTHOUGH ONE FINDS INTEREST AND DESIRE SUCH ASSISTANCE AMONG SOME FEDERAL COMMISSIONERS IN FUNCTIONAL FIELD SUCH AS AGRICUL TURE AND CERTAINLY AMONG STATE GOVERNMENTS. WE FOUND IN ALL: THREE STATES EXPRESSIONS OF GRATITUDE FOR PAST AND PRESENT AID. BUT ACCOMPANIED BY IMPRESSION, APPARENTLY EMANATING FROM EAGOS, THAT US NO LONGER WILLING HELP NIGERIA RECAUSE "NIGERIA RICH." IN LAGOS, HOWEVER, CENTRAL PROBLEM IS THAT LOAM TECHNICAL ASSIS-TANCE WHICH IS AT HEART NEW AID STRATEGY IS VERY ELEMENT KEY COMMISSIONERS MOST STRONGLY OPPOSE: THEY FEEL THEY WOULD IN EFFECT BE PAYING HIGH COST US TECHNICIANS WHEN CHEAPER ONES MIGHT BE AVAILABLE - EMBASSY'S A-262 IS EXCELLENT REVIEW CURRENT PROBLEM.

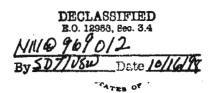
4. AID HAS MADE GENUINE AND IMAGINATIVE EFFORT THROUGH PROPOSALS: MADE: LAST DECEMBER FOR BLOCK! BRANT, PROJECT DEVELOPMENT LOAN, AND SECTOR LOAN. NIGERIANS WILL, WITHOUT MUCH GRACE, ACCEPT BLOCK GRANT AS THEY WILL PROBABLY ACCEPT ANY GRANT OFFER.

3. IBRD CLEARLY PREPARED MAKE SUBSTANTIAL COMMITMENT.
FIVE IBRD: TEAMS WERE REPORTEDLY TO BE IN NIGERIA LAST WEEK.
YET IT IS DIFFICULT GET HARD INFORMATION ON BANK'S INTENTIONS.
BOTH BANK TEAMS AND NIGERIANS RELUCTANT EXCHANGE SPECIFICS.
WE SHOULD SEEK GREATER EXCHANGE IN WASHINGTON. FOR EXAMPLE,
IBRD PLANNING CONSTRUCT 15 COMPREHENSIVE HIGH SCHOOLS IN
THREE EASTERN STATES, YET IN CONTACTS AND CONSULTATIONS THERE.
HAS BEEN LITTLE DETAILED EXCHANGE WITH AID PERSONNEL! WHO MAYE
FOR PAST THREE YEARS HAVE BEEN ORGANIZING SUCH SCHOOL IN BORT HAR—.
COURT.

6. IN ABSENCE ANY NIGERIAN ACCEPTANCE RESUSTAID. WE WILL, WITHIN NEXT FEW YEARS NO LONGER BE SIGNIFICANT DONOR. WE WILL CONTINUE HAVE USECITIZENS IN KEY AREAS SUCH AS TWA CONTRACT, BUT USG WILL RECEIVE LITTLE CREDIT. WE ARE CURRENTLY IN FINAL PHASES IMPLEMENTATION 1971 RECONSTRUCTION LDAN AND

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1971 PROGRAM LOAN. TWO PROJECTS REMAINS TO BE STARTED FROM EARLIER LOANS. CURRENT GRANT TECHNICAL ASSISTANCE PROJECTS IN AGRICULTURE NOT LIKELY BE FUNDED BEYEND FY 1979. ONLY CURRENT POSSIBILITIES FOR FUTURE REPRESENTED BY PROPOSALS FOR BLOCK! GRANT) LOAN FOR PROJECT DEVELOPMENT AND SECTOR LOAN. NIGERIANS: EXPECTED APPROVE BLOCK GRANT FOR TECHNICAL ASSISTANCE BUT AT PRESENT: THERE SEEMS LITTLE PROSPECT! THEY WILL ACCEPT OTHERS. AID ENCOURAGED: BY TALKS WITH PERMANENT GECRETARY OF AGRICULTURE TO BELIEVE FMG MAY BE INTERESTED IN PILOT FOOD PRODUCTION PROJECT POSSIBLY LEADINT O MAJOR SECTOR LOAN. EMBASSY MORE SKEPHIOAL! ABOUT PERMSEC'S ABILITY TO SELL IDEA TO FMG. I HEARD NOTHING FROM FEW FMG OFFICIALS I SAW IN LAGOS THE ENCOURAGE BELIEF THEY WILL ACCEPT SUCH PROPOSAL FROM US IN THEIR CURRENT MOOD! NEVERTHELESS STATE OFFICIALS WITH WHOM WE TALKED EXPRESSED INTEREST AND CONCEIVABLY MORE ENERGETIC ONES: COULD PRESS IDEA WITH LAGOS. INDICATIVE OF PROBLEM WAS COMMENT TO ME BY SECRETARY TO FMG THAT US BY EMPHASIZING AGRICULTURE OVER CAPITAL PROJECTS SEEKIG TO "TURN CLOCK BACK" IN NIGERIA.

7. CONCLUSIONS: MY CONCLUSION FROM MOT INFORMATIVE TRIPARE THAT:

A. WE SHOULD CONTINUE TRY TO: PLAY SIGNIFICANT ROLE: IN ... NIGERIAN DEVELOPMENT FOR NEXT FEW YEARS. THERE ARE COMPELLING POLITICAL ECONOMIC AND COMMERCIAL REASONS FRO DOING SO.

B. WE SHOULD STAND BY OUR POSITION THAT WE CANNOT PROVIDE LARGE CAPITAL PROJECT AID. I DO NOT BELIEVE WE COULD JUSTIFY THIS WITH CONGRESS OR IN TERMS OUR OTHER REQUIREMENT IN AFRICA. WE SHOULD REMAIN PREPARED TO DISCUSS SMALLER PROJECTS WHERE WE HAVE SPECIAL CAPABILITIES.

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C. WE SHOULD CONTINUE MAKE CLEAR OUR WILLINGNESS HELP THROUGH EFFORTS IN LAGOS AND IN PARTICULAR BY CONTINUING APPROPRIATE COMMUNICATION WITH STATE GOVERNMENTS. EVEN IF FMG DOES NOT ACCEPT PROPOSALS IT IS IMPORTANT THAT WE MAKE CLEAR OUR INTEREST AND WILLINGNESS.

D. WE SHOULD SEEK CLOSER TOUCH IN WASHINGTON WITH IBRD TO INSURE WE HAVE CONTINUING BENEFIT THEIR OBSERVATIONS AND PLANS.

E. WE SHOULD ARRANGE THOROUGH-GOING REVIEW OUR NIGERIAN AID OPTIONS WITH AMBASSADOR REINHARDT WHO WILL BE IN WASHINGTON EARLY JANUARY.

GDS CROSBY

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